THE UNIVERSITY OF CHICAGO
ROUND TABLE

MAR 24 1942
WOMEN'S COLLEGE
UNIVERSITY OF NORTH CAROLINA

TAXES vs. AXIS

A Radio Discussion by

- ALBERT G. HART
- NEIL H. JACOBY
- ROVING REPORTER

421st BROADCAST IN COOPERATION WITH THE NATIONAL BROADCASTING COMPANY • 209

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THE UNIVERSITY OF CHICAGO

ROUND TABLE

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NOTE

The supplementary information contained in the footnotes to the following text, developed by staff research, is not to be considered as representing the opinions of the ROUND TABLE *speakers. Following the transcript of the broadcast are questions which readers may wish to use for analysis and discussion. It is hoped that teachers and discussion leaders may find this additional service of the* ROUND TABLE *transcript helpful in their study of the subject discussed in the broadcast.*

TAXES vs. AXIS

A UNIVERSITY OF CHICAGO ROUND TABLE BROADCAST*

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ALBERT GAILORD HART, Department of Economics, Iowa State College

NEIL H. JACOBY, School of Business, University of Chicago; Secretary of the University

and the

ROVING REPORTER

* A radio discussion broadcast from the University of Chicago, over the Red Network of the National Broadcasting Company, Sunday, March 15, 1942, at 1:30 P.M., Central War Time.

The ROUND TABLE, oldest educational program continuously on the air, is broadcast entirely without a script, although participants meet in advance, prepare a topical outline, and exchange data and views. Subjects are chosen because of their social, political, or economic significance. The program has no "ax to grind." In the selection of speakers, the effort is to provide a balanced discussion by participants who have special competence and knowledge. The opinion of each speaker is his own and in no way involves the responsibility of either the University of Chicago or the National Broadcasting Company.

TAXES vs. AXIS

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Even before the average taxpayer recovered from the blow of his 1941 taxes the plans for sharply increased taxes on 1942 incomes were being considered. The need for greater taxes is obvious, but the best way of applying them is still a controversial issue.

Lower the exemptions for single and married taxpayers to bring additional millions within the scope of the income tax for the first time? Increase the tax rate on the present taxpayers? Hike the rate in the upper-income brackets? Slap a sales tax on everything we buy? Take 5 or 10 per cent out of each week's pay or monthly salary or quarterly dividend? Force the purchase of Savings Bonds?

To evaluate the merits of these many proposals and to examine the needs of the hour, the University of Chicago ROUND TABLE *invited two economists to face its microphone with the* ROUND TABLE'S *Roving Reporter to discuss: "Taxes vs. Axis."*

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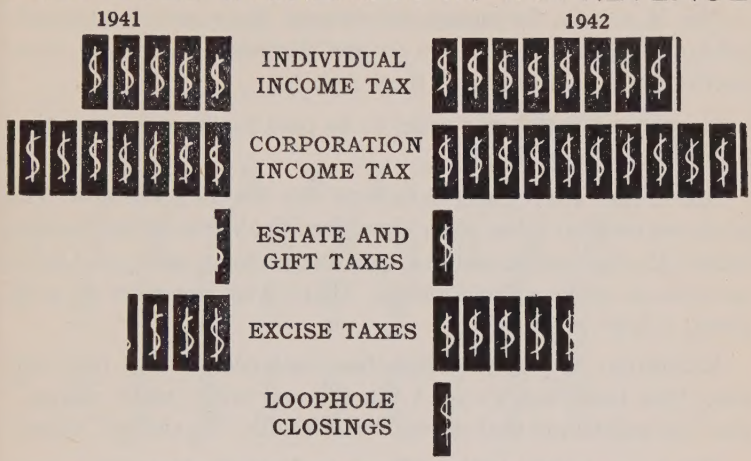
REPORTER: I've been roving again, gentlemen. I'm just back from Washington, New York, and points west, including New Concord, Ohio. I've talked to Secretary Morgenthau in Washington, to Leon Henderson, to a dozen senators, congressmen, bankers, industrialists, and to a lot of little people whose opinions I'll report, because I have none of my own.

MR. JACOBY: I'm sure there is one thing on which *everyone* has an opinion, and that's taxes, because by midnight March 16 about twice as many Americans will have paid an income tax as ever paid one before.

REPORTER: I think I can tell you what their opinions are. I talked to a Cincinnati streetcar motorman who paid $105 this year



as against $16 last year; to a waiter in Zanesville, Ohio, who paid $33 this year and none last year; to a farmer outside of Pittsburgh who sold three hundred hogs last year and had to pay $487 income tax. They stated their position in the terms of the short-order restaurant operator I talked to in Indianapolis who said: "I'd be ashamed to complain this year about my taxes when I think of the fellows who are fighting and dying in the mud at $21 a month."

MR. HART: That's the attitude that will win the war for us, but we must be careful about believing that money is going to win the war.

It's a question of translating taxes into goods. It's production and manpower in the right places that are going to win the war for us and not money.

REPORTER: Then what good is taxation?

MR. HART: It's a question of being honest. One of the ways we got ourselves into the mess we're in is by trying to pretend the mess is something different.

MR. JACOBY: Quite right.

MR. HART: On the money side we must figure out what the real-goods realities of the situation are and then make the money situation and the tax situation fit those realities.

REPORTER: Is this war going to be paid for by our generation or by future generations?

MR. HART: We're going to have to turn out the goods *now*. The goods we turn out a few years hence aren't going to do the business for us. Paying for the war is a question of doing work; and it's a question of doing without things. That's what we must do now. Doing it later won't help.

REPORTER: Secretary Morgenthau reminded me that he'd said some time back that we can't win this war with "small change." Am I to understand that we can't win it with "big change" either?

MR. JACOBY: Quite right. The war will not be won with money. But, on the other hand, we can, by collecting money in a well-conceived way, reduce the real burdens that we have to bear.

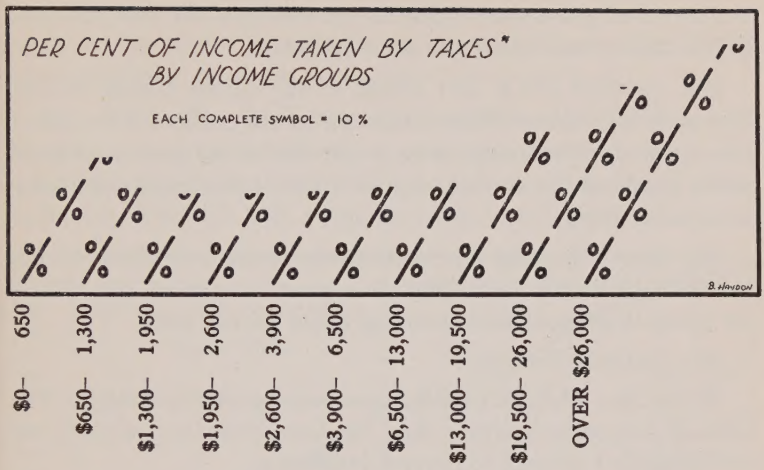
MR. HART: In short, if you kid yourself into thinking that you won't meet the cost of the war by collecting taxes to pay for it, you can make a bad mess worse, but you'll never make it any better.

REPORTER: How much of the cost of the war should be paid for out of current taxes?

MR. JACOBY: We might start with the Treasury Department's ideas on this subject. In the fiscal year ending June 30, 1943, the Treasury calculates our federal government will spend about sixty-two billion dollars, and they propose that we pay twenty-seven billion dollars of taxes and borrow the other thirty-five billion.

REPORTER: Are those the best proposals that you can think of?

MR. JACOBY: Definitely not! I think that the Treasury, while it has acted wisely in proposing higher taxes than we're paying now, hasn't gone nearly far enough. It seems to me that we need fifteen billion dollars more taxes in the fiscal year 1943 than the Treasury



proposes. In other words, that we ought to be collecting forty-two billion dollars of taxes and borrowing twenty billion.

REPORTER: That fifteen billion dollars sounds familiar to me, because Leon Henderson in the course of our conversation said: "We're kidding ourselves in this country. We're fifteen billion dollars' worth of goods short." Naturally, I didn't understand what he meant, and I was too polite to ask him.[1] Is that "fifteen billion dol-

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* *Including excise, sales, real property, income, 1940 defense, and miscellaneous taxes. (Data compiled by Iowa State College.)*

[1] *Leon Henderson, on February 13, 1942, made the following statement concerning the dangers of inflation: "We'll have something like $95,000,000,000 of consumer income for the purchase of goods and services this year, as against $85,000,000,000 last year. The most we can see in the way of supply of consumer goods and services is $60,000,000,000–$65,000,000,000, leaving more than $30,000,000,000 which threatens to become an inflationary factor. Voluntary savings programs, including 'kick-off' systems in many plants where part of a worker's wage is taken out for the purchase of defense stamps and*

lars' worth of goods short" that he was talking about related to the fifteen billion more taxes you want collected?

MR. JACOBY: It's a first cousin of my fifteen billion dollars. Unless we take fifteen billion dollars out of the pockets of the people who are getting them now, those people will bid up the prices of consumer goods on the market, and we'll have a first-class price inflation on our hands.

MR. HART: To judge how much taxes we need, we should set out by figuring how much spending the economy can stand and how we are going to get consumer spending down to that level.

MR. JACOBY: Precisely!

REPORTER: Well, let's see if I have you economists straight. The primary purpose of taxation, then, is to spread the burden justly, for one thing, and, second, to prevent inflation.

MR. JACOBY: I think every American ought to realize right now that the primary job of the tax system is not merely to raise the sixty-two billion dollars but rather to share fairly among the people the short supply of civilian goods that we'll have on hand after we've devoted our factories and our farms to war production.

MR. HART: Or, put it this way: Our problem is to get our spending in line with the available goods. It won't do the public any good to be spending more money for the limited amount of goods we've got. Letting them spend more money won't get them any more goods. We've got to get the spending in line with the goods available, and in doing that we've got to limit fairly the right to spend and buy the goods that are on the market.

MR. JACOBY: Well put!

REPORTER: I'm able to report that Mr. Henderson (who is a very

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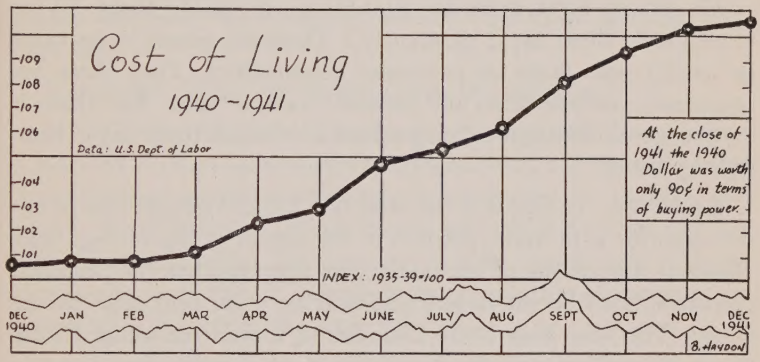
bonds, may drain off $7,000,000,000–$8,000,000,000 of this sum, and another $7,000,000,000–$9,000,000,000 will be taken out through existing taxes. But this still leaves $11,000,000,000–$15,000,000,000 which must be diverted from purchasing channels in some way or other."

impressive guy, by the way) shook his head and said: "We're on our way, my boy, we're on our way." I have a feeling he was talking about inflation. Now, are we or aren't we on our way?

MR. HART: The Treasury seems somewhat doubtful about it. They say it may be necessary to do something about it pretty soon, if I read their testimony right. But if you look at the cost-of-living index, you'll see it's been rising for a year now twice as fast as it



rose at any time between the wars. I'd call that a dangerous early stage of inflation.

MR. JACOBY: It's another case perhaps of too little and too late unless we get going.

REPORTER: And taxation is one of the most important ways to stop inflation. Correct?

MR. JACOBY: Right!

REPORTER: How are we going to spread this tax burden? There seems to be some difference of opinion as to who should pay for the war.

MR. JACOBY: That's a difference of opinion one meets in talking about taxes even in peacetime. I suggest that there are three tests that we ought to apply to any tax.

One is whether it is imposed in accordance with ability to pay—

whether it fairly shares the burden. Another is whether it stops inflation—whether it takes dollars that would otherwise be spent for goods that compete with war production. And the third is whether it can be efficiently collected. We don't want to spend fifty cents to collect a dollar.

REPORTER: Those are the three tests that any tax should meet. What kind of taxes can we have?

MR. HART: First, there are sales taxes—if you like them. (A lot of people do these days, apparently.) These are general sales taxes or special sales taxes on particular commodities. Then there are corporation income taxes and personal income taxes. And there is another possibility that is being talked a lot about these days: compulsory loans.

REPORTER: Taking first the sales tax, I found a great deal of enthusiasm for it in some quarters in the course of my roving. The National Association of Manufacturers suggests that the proposed corporate taxes be cut in half and that an 8 per cent sales tax be levied. The New York State Chamber of Commerce wants a sales tax on everything, and the Associated Press reported just the day before yesterday that Republicans in Congress generally favor a sales tax. But Mr. Randolph Paul, who is the "big brain boy" (or rather the "little brain boy," because he's small) of the Treasury Department, is fighting sales taxes to the death in behalf of the administration.

MR. JACOBY: The Treasury and the N.A.M. are really shadow-boxing with the issue. There is no question but that, if we're going to get the maximum amount of tax revenue that's needed, we'll have to tap lower incomes than we have yet tapped. But the N.A.M. fears that the burden is going to be put on corporations, so they propose tapping the low incomes by a sales tax.

The Treasury, on the other hand, is trying to "baby" people and keep these middle-income brackets with over $500 income for a single person and $1,000 income for a family from paying taxes. The result is that they're really not dealing with the issue.

MR. HART: Isn't the real trouble that neither the Treasury nor the National Association of Manufacturers is really asking what we'll do instead?

MR. JACOBY: That's right.

MR. HART: If we're not asking for enough taxes, we're going to get inflation. And a sales tax, as a matter of fact, has a large part of the drawbacks of inflation. That is, they're both ways of squeezing people who have large families and can't get their incomes raised very fast.

REPORTER: What *are* the objections to a sales tax?

MR. JACOBY: Well, the objections are pretty clear. If you impose a sales tax without exempting any commodities, any elements in the living costs of people, since people pay in proportion to what they spend, the fellow with the big family will pay more than the man with the small family. We end up with a tax system that is regressive in the sense that it takes a larger proportion of the small incomes than it takes of the large incomes.

MR. HART: If you do exempt commodities, you have the same sort of a mess with the difference that you don't get as much revenue.

MR. JACOBY: Which is a very important difference, because we need the revenue.

REPORTER: Say that all again! I don't follow you.

MR. HART: If you start to protect the low-income people by exempting particular commodities, the only way you can protect them is to exempt all the commodities that the low-income people buy, and then you don't have any tax base. That has happened under the British purchases tax. They don't raise very much revenue because they are careful not to tax most of the things that matter.

REPORTER: Then you, Jacoby, are opposed to a sales tax. Right?

MR. JACOBY: Because it's inequitable and because it does not do

what needs to be done, that is, take the dollars out of people's pockets and force them to save.

MR. HART: Check.

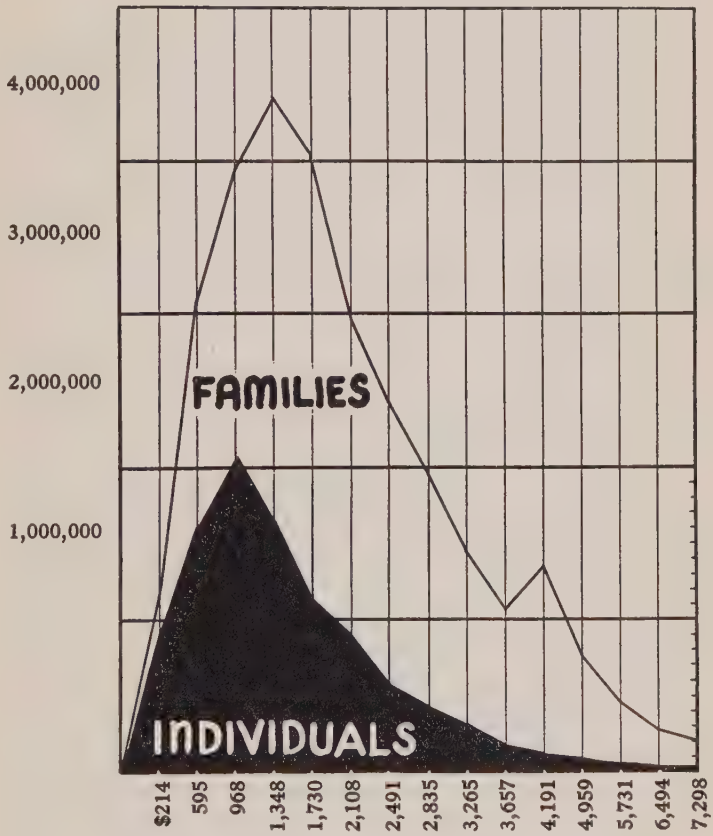
REPORTER: All right. I spoke to a great many people who were concerned about the size of corporation taxes. In particular, I interviewed a banker in New York City. (He's one of the world's big bankers. I won't tell you the name of the street that his bank is located on.) I don't think he used the phrase, "You mustn't kill the goose that lays the golden egg," but he did say that you can flog a willing horse but that you can't starve it and that taxes on corporations were approaching the point where they would destroy the incentive to produce.

MR. JACOBY: I disagree with your banker friend. It seems to me that we're going to get work out of the horse; we're going to get it by flogging, and we don't have to worry about the starvation. Under war conditions the profit incentives to produce are being replaced by patriotic incentives and by the orders of the War Production Board. So we don't need to worry a great deal about taxation as a deterrent to production.

MR. HART: You'd better not let it be just a matter of flogging the horse. When you're talking about the business horse, you must remember the critter's got some sense; and the businessman has got a stake in keeping a country in which he will be able to make some profits in the future. It's not a question of the profits now that will keep him going. We can count on him to keep production going because he is in the same boat with the rest of us, and we've got to produce.

REPORTER: I spoke to Mr. D. Graham Hutton, who was editor of the *London Economist.* I asked him about the incentive to produce and the profit motive in England. They have tremendous taxes in England. Hutton said: "Well, you know, after Dunkirk, the few people left in England who thought that you still had to have a profit incentive decided that the profit incentive was secondary to saving the nation."

NUMBER OF INDIVIDUALS AND FAMILIES IN EACH INCOME LEVEL IN THE UNITED STATES*



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* *In the income categories not shown ($9,117–$2,796,323) there are estimated to be 137,515 individuals and 821,704 families. (Data compiled by the Iowa State College Study of War Finance, March, 1942.)*

Mr. Jacoby: I think the same psychology will play a part here. Though we haven't had a Dunkirk, and I don't think we shall, we have a War Production Board that is going to tell business what to produce and how much.

But let me just add this point on corporate taxes: I would not be in favor of trying to finance a large part of the war through corporation taxes, because corporations, after all, are nothing but siphons or channels through which income flows to individuals; and you must tax the income of the people who own it.

Mr. Hart: There's no use worrying too much about doing it all with corporate income, because with the taxes that the Treasury is now proposing we are pretty near the absolute ceiling of what you can get out of the corporations, and that is certainly not true of personal incomes.

Mr. Jacoby: True.

Reporter: Do you two gentlemen approve the Treasury's proposals on corporation income taxes?

Mr. Jacoby: No. I would be inclined to leave corporate taxes about where they lie. I think the Treasury ought to go much farther on personal income taxes.

Mr. Hart: I'm not kicking at what they're doing, but you must remember that corporation taxes aren't getting, to any very great extent, the dollars that the consumers are going to spend. Our main reliance certainly ought to be on personal taxes.

Mr. Jacoby: I think the keynote of the tax objective should be to cut civilian spending in order to free resources for war production, and we should judge every tax, to a very important degree, on the extent to which it cuts civilian spending. The corporate taxes don't do it effectively.

Reporter: I was surprised in my roving to discover that every taxi-driver I spoke to said he was paying no taxes this year. He was, in other words, below the income-tax level. Every one of them hap-

pened to be married. Apparently there are an awful lot of people in this country who still aren't paying income taxes.

MR. JACOBY: Apparently the taxes haven't hit the taxis.

REPORTER: O-o-h!

MR. JACOBY: Pardon me for that bad pun. I wonder how many of us realize that we have about forty-eight million receivers of income in this country, and even the so-called "heavy" taxes that we're paying this year hit only fourteen million, or the richest third of the people.

REPORTER: You mean I'm *rich?*

MR. JACOBY: You're rich if you're paying.

REPORTER: And how many people are not now paying and ought to be paying income taxes?

MR. HART: Who *ought* to be paying depends upon how far down we can go. In any case, I think we can say it shows very slack leadership on the part of the Treasury not to propose a reduction of exemptions to bring in more taxpayers and to get more revenue from the people who are now taxpayers.

REPORTER: Mr. Ferdinand Kuhn, assistant to the Secretary of the Treasury, said that the Treasury is opposed to lowering the exemptions because a man in the lower brackets already pays so many indirect taxes. He said that a $15-a-week man is paying 17 per cent of his income in indirect taxes. (*See illustration, page 5.*)

MR. HART: I shouldn't be surprised if they are right on the facts, but you must ask: "What are we going to do if we don't lower the exemptions?" If we're going to try to baby the low-income people by not reducing their exemptions . . . .

MR. JACOBY: Let's call them the middle-income people. Every single man with over $500; every married couple with over $1,000 of taxable income.

MR. HART: All right, the middle-income people. If we try to baby them by not lowering exemptions, and then put on a sales tax,

we'll be giving them more of the kind of tax that takes 17 per cent of their income now. We won't actually succeed in protecting them. Neither will we succeed in protecting them if we say we won't have either an income tax or a sales tax and give them inflation.

The middle people in this country have such a large part of the consumption that we are just going to have to come down on their consumption in order to get the spending in line.

MR. JACOBY: Because it's their consumption which, if cut, will make available the really large resources for war production.

REPORTER: Well, let me get this middle-bracket thing straight. You make me want to do *anything* to get out of the middle bracket. Will you soak the middle bracket because so many people are in it?

MR. JACOBY: You soak the middle bracket—I don't like to use the word "soak"—you compel them to sacrifice because their consumption forms such a large fraction of the total consumption.

MR. HART: And because they still have a margin. When you say "low-income people," you mean single men with less than $500 income and families with two children with less than $1,200.

REPORTER: You'd exempt them?

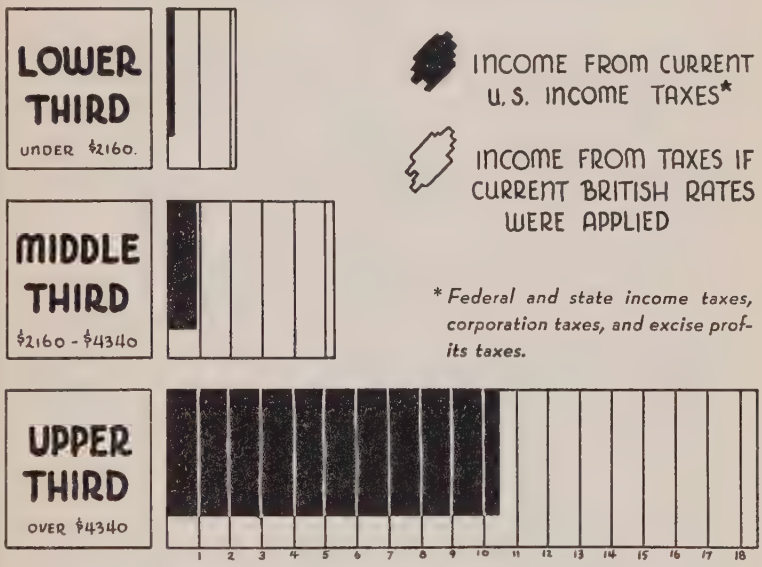
MR. HART: As far as possible. I'd put it this way: An exemption is necessary. The higher we can put the exemption and genuinely meet our inflation problem, the better. But lowering exemptions is always better than getting inflation.

MR. JACOBY: In that connection you showed me some very interesting figures of how the present American income tax in different income groups compares with the British income tax. If you take the lowest third of income and the middle third and the top third, how does the American tax payment compare with the British tax payment?

MR. HART: One of our young men out in Ames, Iowa, where I come from, computed that, and the answer is about like this: The low-income people would pay about ten times as much under British income taxes as they do under ours. People with the middle third

COMPARISON OF UNITED STATES AND BRITISH INCOME-TAX RATES

How British Tax Rates Would Increase Revenue in Three United States Income Groups



SOURCE: IOWA STATE COLLEGE STUDY OF WAR FINANCE, 1942

of income would pay about five times as much under British taxes as under ours. The top third would pay about one and three-fourths times as much. (*See illustration.*)

MR. JACOBY: If we follow the British pattern, then, we have only to dip down into the lower-bracket incomes to get the revenue to prevent inflation and cut civilian consumption.

REPORTER: Now let's see where we stand. You don't want to soak the poor; that is, single people with less than $500 income and married people with less than $1,000 or $1,200 income. Right?

MR. HART: At least we hope to avoid it.

MR. JACOBY: It seems only fair that some minimum of subsistence, whatever that is—the pensions that the aged are getting and the little incomes that part-time workers get—ought to be exempt.

REPORTER: How about that glorious old sport known as "soaking the rich"?

MR. JACOBY: I'm in favor of soaking the rich, but I wouldn't drown them. We have to do the other thing, too, because the consumption of the rich is not so important as is the consumption of this middle bracket that we have talked about.

REPORTER: Why isn't their consumption just as important when they have yachts and houses and things like that?

MR. HART: Per family, they have plenty; and per family we can call upon them to reduce consumption a lot. But there are so few families that they don't have the bulk of the consumption. The middle-income people are numerous, and, by comparison with the low-income people, they have a good deal. They can afford to put in a moderate amount per family on a very large number of families; and it's there we have to go for contributions. (*See illustration, page 11.*)

REPORTER: Then why soak the rich at all?

MR. JACOBY: On the grounds of equity. The richer man can afford to pay more, and I should think we ought to go as far as we can to get that additional amount from him.

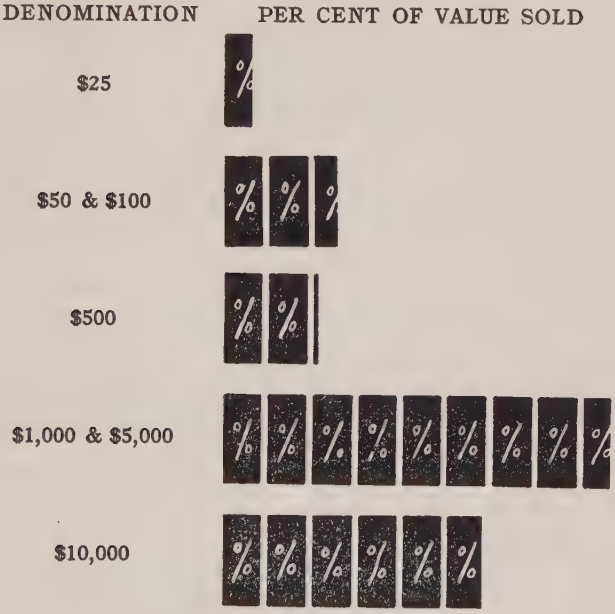
MR. HART: If we are going to use personal income taxes against inflation, which we should, we've got to be taxing the income promptly. The income taxes that we pay in 1943 aren't going to lick inflation in 1942. We've got to tax 1942 incomes in 1942.

MR. JACOBY: Right.

REPORTER: Mr. Henderson is hollering for deductions from pay rolls, salaries, interest payments, and dividends right now to pay income taxes. Because, he says, we must keep that money from getting into the market place.

BONDS BOUGHT WITH IDLE MONEY

Record of Savings Bonds Sales Shows Most Money Comes from Purchases of Large-Denomination Bonds



EACH COMPLETE SYMBOL EQUALS 5 PER CENT

SOURCE: TREASURY DEPARTMENT, "BULLETIN," JANUARY, 1942, FOR PERIOD MAY–NOVEMBER, 1941

Mr. Hart: That's where Mr. Henderson is talking turkey. And incidentally, that procedure stands up to all three of these rules for judging taxes that we have set up. It's effective against inflation, because you get the money before people have a chance to spend it and not after the wife has gone to the market. It's satisfactory from the standpoint of justice, because it means everybody pays, and you can make proper allowances for exemptions in the case of wage and salary incomes.

Mr. Jacoby: It's also efficient, since you will bring under the income tax, in the form which we propose it, millions of new payers who haven't been accustomed to keeping family books and budgets. And if you ask their corporate employer to pay the tax for them, you've simplified the procedure a great deal.

Reporter: I talked to a lot of men at a big bomber plant near Columbus, Ohio. Thousands of them apparently have been brought up from Kentucky and Tennessee. They are men who own no property and who have earned so little in their time that they never had an opportunity to pay an income tax. Locating and keeping track of those men, anxious as they may be to pay their taxes, would be a terrific administrative problem if you just gave them an income-tax blank.

Mr. Jacoby: That's right. Without the pay-roll-deduction plan, I think a broad-based income tax might fall down.

Mr. Hart: What's more, it is a convenience to them to pay in small instalments at the time they get the money and not to be asked to bring up a lump sum the next year.

Mr. Jacoby: Right!

Reporter: Senator George, the head of the Senate Finance Committee, told me that he'd be in favor of pay-roll deductions, providing deductions are also made on all the other sources of income—salaries, profits, rents, royalties, and so on. Do you agree with that?

Mr. Jacoby: Definitely!

Mr. Hart: We need everything we can catch.

Reporter: What is your idea of the best and most equitable tax program, Jacoby?

Mr. Jacoby: My selection, among the alternatives we discussed —sales taxes, corporation taxes, personal income taxes, and one other that we didn't mention, compelling people to buy Defense Bonds—is that the most equitable, efficient, and effective way of

preventing inflation will be to broaden the base of the income tax by cutting exemptions and to increase greatly the rates of the tax. Do you agree, Hart?

MR. HART: Absolutely! That's the thing.

REPORTER: Senator George and Congressman Dolton, who is head of the House Ways and Means Committee, told me that both Congress and the administration agree that they don't want to have compulsory savings now, because they have a great deal of faith in the voluntary purchase of bonds.[2]

MR. HART: That again, it seems to me, shows lack of realism. If we do get the loans on a compulsory basis, we can expect to get money that would have otherwise been spent. But with people able to save more money, and with less use for savings in industry, enormous amounts of bonds can be bought with money that would not have been spent otherwise. (*See illustration, page 17.*) Out in Iowa they are boasting about having gotten people to turn in a lot of these old-fashioned large-size bills to buy Savings Bonds. That wasn't money that was going to be spent; that was money somebody had stuck behind the clock.

MR. JACOBY: Well, we have drafted men for war service; why shouldn't we draft our dollars for Defense Bonds, to put the thing in ABC terms?

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[2] *Secretary Morgenthau explained on February 14, 1942: "I have always preferred the voluntary method. I still prefer it, because it is the democratic method and because I am certain it will work. We have sold more than $1,000,000,000 of defense bonds in the month of January. That was a great and impressive figure, yet you must forgive me if I do not give three cheers to this response. Early last month the President sent to Congress a budget message calling for expenditures of $40,000,000,000 on the war in this calendar year. Compared to this estimate of expenditures, our billion-dollar sale of defense bonds in January looks small and inadequate."*

Mr. Hart: Not only that. We have drafted the goods we were going to consume, and we might as well draft the money that would have been spent on those goods.

Reporter: In a word, what's the short-term effect of this program?

Mr. Hart: If we do it right, we'll cut down consumption spending and share the burden fairly. If we don't, we'll get inflation.

Reporter: Jacoby, what's the long-term effect?

Mr. Jacoby: I think the most important fact we Americans must face is that we will pay for the war out of sacrifices in our standard of living. Our only choice now is whether or not we share the sacrifices fairly and avoid ruinous price inflation.

We agree, I think, that the only way to do the job is to get as large a part of the money as possible through taxation, and the only kind of tax system that's good under present conditions is one that hurts and hurts plenty.

Reporter: After the war, what do we go back to?

Mr. Hart: After the war we hope to go back to as decent a system as we can think up. But we mustn't fool ourselves that it's going to be a question of going back to some sort of "good old days." We've got to go to "good new days" and manage that by using the sense we were born with and a bit of public spirit.

Reporter: I want to read you part of a little poem by Ogden Nash, published in this week's *Saturday Evening Post.*

Dear Mr. Collector: In years gone by,
Few have loved you, as little as I,
Or lifted their voices and torn their raiment,
And so begrudged the quarterly payment.

But now I know what money is for,
It's going to let me into the war;
Here's my admission—need to hike it?
Hit me again, my friend, I like it.

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MOULTON, HAROLD G., *Fundamental Economic Issues in National Defense.* Washington, D.C.: Brookings Institution, 1941. *Questions on the public debt, inflation, post-war depression, and economic changes as they may be affected by the national defense program, with suggested solutions.*

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NUGENT, ROLF, *Guns, Planes, and Your Pocketbook.* "Public Affairs Pamphlet," No. 59. New York: Public Affairs Committee, 1941. *Progress of defense during its first year and repercussions upon industry, labor, consumers, and taxpayers.*

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SEIDEMANN, HENRY P., *Curtailment of Non-defense Expenditures.* Washington, D.C.: Brookings Institution, 1941.

STEWART, MAXWELL S., *How Shall We Pay for Defense?* "Public Affairs Pamphlet," No. 52. New York: Public Affairs Committee, 1941.

"Taxation," *Time,* March 9, 1942. *A report on Secretary Morgenthau's tax program.*

TEMPORARY NATIONAL ECONOMIC COMMITTEE, *Who Pays the Taxes?* "Investigation of Concentration of Economic Power," Monograph 3. Washington, D.C.: United States Government Printing Office, 1940. *A study of the "allocation of federal, state and local taxes to consumer income brackets," based upon 1938–39 data.*

"What the Budget Means," *New Republic,* January 19, 1942. *How the tax program will affect our economy.*

WYNNE, WILLIAM H., *Financing the War,* Tax Institute (Wharton School of Finance and Commerce, University of Pennsylvania), March, 1942. *This symposium on war finance considers problems of federal taxation of individuals and corporations, inflation control, methods of tax collection, and tariffs. Comparisons with British and Canadian practice are given. An extensive bibliography on tax problems is included in this volume.*

OBJECTIVE QUESTIONS FOR EXAMINATION

The answers to the following questions may be found in the text of the broadcast, and page references are provided to assist in locating the answers.

*

1. What part of the sixty-two-billion-dollar budget does the Treasury Department propose should be paid out of current taxes? How much should be borrowed? Page 4.
2. How large a part of the budget does Mr. Jacoby believe should be paid from current taxes? Pages 4–5.
3. What are the primary jobs and purposes of taxation? Page 6.
4. What indication is there that we are in a dangerous early stage of inflation? Page 7.
5. What are the three tests by which we ought to judge any tax? Pages 7–8.
6. What are some of the objections to a general sales tax? Pages 8–10.
7. How many people are paying taxes this year? Page 13. This represents what fraction of those that receive an income? Page 13.
8. What percentage of a low-bracket income is taken by indirect taxes? Page 13.
9. How much more would the low-income groups in the United States pay under British income-tax rates? Pages 14–15.
10. What tax alternative is regarded by Messrs. Jacoby and Hart as the most equitable, efficient, and effective way of preventing inflation? Pages 19–20.

QUESTIONS FOR ANALYSIS AND DISCUSSION

The following questions of wider scope, intended for discussion, are suggested by the broadcast, and answers may be found in the literature on the subject listed in the section "Suggested Readings," found on pages 21–22.

*

1. Do you think the next generation should pay for the war or do you think the war will be paid for by the present generation, whether the taxes are voted or not? Discuss.
2. How much of the cost of the war should be paid out of current taxes? Why isn't it possible to make this a 100 per cent tax-paid war? What do you think is the best ratio between loans and taxes for financing the war?
3. How should the tax burden be spread equitably? Does the kind of tax program before Congress share the burden of the tax bill equitably? Discuss.
4. What kinds of taxes do you think the government should depend upon? What are the merits of the following kinds of taxes?
   - *a*) Income taxes
   - *b*) General sales taxes
   - *c*) Excise taxes
   - *d*) Forced savings
   - *e*) Corporation taxes
   - *f*) Excess-profits taxes
5. Are the rich paying their share of the war cost? Should the middle-bracket incomes, i.e., those with $500–$1,200 income, be taxed at higher rates? Should low incomes be taxed?
6. How important is it to curtail government non-war expenditures?
7. Do you think American taxpayers are willingly shouldering the burden of paying for the war? Do you think the taxpayers understand the necessity of paying much higher taxes in order to avoid inflation? Discuss.

The Listeners' Round Table . . . .

Letters to the ROUND TABLE *frequently contain interesting and illuminating side lights on the subject matter discussed on the air. These comments are from letters received following the broadcast-discussion of "Civilian Defense," March 8, 1942.*

*

Air-raid Shelters

I heard your discussion of the OCD and was rather unfavorably impressed with its activities, as I was when I recently attended a meeting to organize a block for civilian defense. Of forty-five who should have attended, there were only seventeen present, with fifteen voting. What a fine example of democracy in action!

One of the first things that should be done is to build air-raid shelters. Yet after three months not even one school in the whole country has been equipped with one. The only mention in the discussion about air-raid shelters was that there is a lack of steel to build them and, moreover, we don't need them! This ridiculous statement brands the whole thing with futility and ineptitude.

D. D., Illinois

*

OCD

I have greatly enjoyed your ROUND TABLE discussions and have missed very few of them. At the present time we are trying in every way to have a very efficient civilian defense organization in our little community and felt that your program today was most helpful.

Thank you, and may I say again that I think your programs are the best of their class that radio has to offer.

R. D., California

*

Confidence

The appearance of government officials on your program has been encouraging to a high degree. Hearing them speak about their work and their responsibilities and about the principles that influence them in making their decisions gives confidence. Brigadier General Hershey, Mr. Byron Price, and Mr. Archibald MacLeish have all made fine impressions.

May this good work continue! Bring us the men in charge of other government activities. This is the best procedure for wartime. Surely there are enough men in government service whose work is vitally interesting to the

citizens to keep the program going through the war period, whether one year or five.

M. L., New Jersey

*

"Tops"

You and your ROUND TABLE broadcasts are to be highly commended, for in my opinion they are "tops," and words seem entirely inadequate to express the fine work being done in educating the American people and in keeping them well informed on current affairs. Keep up the good work, for with a well-posted population we cannot taste defeat.

The broadcast today on "Civilian Defense" was of perhaps greater interest to me than some of the others, as I am an assistant zone captain in the civilian defense setup and would certainly like to have a printed transcript of this program.

Thanks for such worth-while programs. If we could only have more in place of some of the other type, we would be better off.

M. W. C., Illinois

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of 1938–40 Transcripts Still in Print Will Be Sent upon Request. Students and Teachers Will Find These Issues To Be Valuable Commentaries upon Events of the Period.

Nos. **1941**

150. *Can Capitalism Defend America?*
153. *Guns or Butter?*
154. *Dilemma in the Far East*
155. *How To Fight Nazi Propaganda*
156. *The Decline and Fall of the Roman Empire*
157. *Strikes and National Defense*
158. *Defense Economics*
161. *War Aims and Peace Aims*
163. *Lessons from Europe's War*
164. *The Effect of the Blitzkrieg on the Economic Order*
166. *Roosevelt* vs. *Hitler*
169. *War against the Middle Classes?*
170. *The Crisis and Your Pocketbook*
173. *Our Liberties*
174. *Blueprint for Hemisphere Defense*
177. *Defense: Who'll Pay the Piper?*
178. *Japan: Setting Sun?*
179. *National Unity*
180. *Weapons of Economic War*
182. *Crisis of Capitalism*
185. *New Frontiers in Education and Research*
186. *Anti-Semitism*

Nos.

188. *Economics of Blitzkrieg*
189. *Showdown with Japan?*
190. *Science and War*
191. *Defense Inventory*
192. *The Philippines*
193. *Little Business: What Now?*
194. *Labor's Responsibility in Defense*
195. *Canada: Neighbor at War*
196. *Civil Rights and "Public Danger"*
197. *Manpower: The Key to Victory*
198. *What Does Rationing Mean?*

1942

199. *Morale: Ours and Theirs*
200. *How To Meet the Menace of Inflation*
201. *Censorship*
202. *How United Are the Americas?*
203. *Are We Overconfident?*
204. *Labor Policies in Wartime*
205. *What Should the Churches Do in War?*
206. *What Should We Teach Our Youth Now?*
207. *Propaganda: Good and Bad*
208. *Civilian Defense.* March 8

All Round Table Transcripts Contain Added Factual Material in the Form of Graphs, Maps, Pictographs, Footnotes, Bibliographies, Etc.

Do You Understand the Economics of War?

You should read: *Defense Inventory* (*191*), *Little Business: What Now?* (*193*), *What Does Rationing Mean?* (*198*), and *How To Meet the Menace of Inflation* (*200*).

ROUND TABLE NETWORK OF 102 STATIONS

2:30 P.M. EASTERN WAR TIME

City	Call Letters	Kilo-cycles	City	Call Letters	Kilo-cycles
Allentown, Pa.	WSAN	1470	Lima, Ohio	WLOK	1240
Altoona, Pa.	WFBG	1340	Manchester, N.H.	WFEA	1370
Asheville, N.C.	WISE	1400	Miami, Fla.	WIOD	610
Atlanta, Ga.	WSB	750	New York, N.Y.	WEAF	660
Baltimore, Md.	WBAL	1090	Norfolk, Va.	WTAR	790
Boston, Mass.	WNAC	1260	Philadelphia, Pa.	KYW	1060
Buffalo, N.Y.	WBEN	930	Pittsburgh, Pa.	KDKA	1020
Charleston, S.C.	WTMA	1250	Portland, Me.	WCSH	970
Charlotte, N.C.	WSOC	1240	Providence, R.I.	WJAR	920
Cleveland, Ohio	WTAM	1100	Raleigh, N.C.	WPTF	680
Columbia, S.C.	WIS	560	Richmond, Va.	WMBG	1380
Columbus, Ohio	WCOL	1230	Rochester, N.Y.	WHAM	1180
Dayton, Ohio	WING	1410	Savannah, Ga.	WSAV	1340
Detroit, Mich.	WWJ	950	Schenectady, N.Y.	WGY	810
Florence, S.C.	WOLS	1230	Springfield, Ohio	WIZE	1340
Grand Rapids, Mich.	WOOD	1300	Tampa, Fla.	WFLA	970
Greenville, S.C.	WFBC	1330	Washington, D.C.	WRC	980
Jacksonville, Fla.	WJAX	930	Wilmington, Dela.	WDEL	1150
Johnstown, Pa.	WJAC	1400	Winston-Salem, N.C.	WSJS	600
Lakeland, Fla.	WLAK	1340	Zanesville, O.	WHIZ	1240

1:30 P.M. CENTRAL WAR TIME

Amarillo, Texas	KGNC	1440	Louisville, Ky.	WAVE	970
Birmingham, Ala.	WBRC	960	Madison, Wis.	WIBA	1320
Bismarck, N.D.	KFYR	550	Mankato, Minn.	KYSM	1230
Bristol, Tenn.	WOPI	1490	Memphis, Tenn.	WMC	790
Chicago, Ill.	WMAQ	670	Minneapolis and St. Paul, Minn.	KSTP	1500
Duluth, Minn., and Superior, Wis.	WEBC	1320	New Orleans, La.	WSMB	1350
Eau Claire, Wis.	WEAU	1070	Oklahoma City, Okla.	WKY	930
El Paso, Texas	KTSM	1380	Omaha, Neb.	WOW	590
Evansville, Ind.	WGBF	1280	Pittsburg, Kans.	KOAM	810
Fargo, N.D.	WDAY	970	Rochester, Minn.	KROC	1340
Fort Wayne, Ind.	WGL	1450	St. Cloud, Minn.	KFAM	1450
Fort Worth, Texas	KGKO	570	St. Louis, Mo.	KSD	550
Hattiesburg, Miss.	WFOR	1400	San Antonio, Texas	WOAI	1200
Indianapolis, Ind.	WIRE	1430	Shreveport, La.	KTBS	1480
Jackson, Miss.	WJDX	1300	Sioux Falls, S.D.	KSOO	1140
Kansas City, Mo.	WDAF	610	Springfield, Mo.	KGBX	1260
Kingsport, Tenn.	WKPT	1400	Terre Haute, Ind.	WBOW	1230
Laurel, Miss.	WAML	1340	Tulsa, Okla.	KVOO	1170
Little Rock, Ark.	KARK	920	Wichita, Kans.	KANS	1240

12:30 P.M. MOUNTAIN WAR TIME

Albuquerque, N.M.	KOB	1030	Phoenix, Ariz.	KTAR	620
Billings, Mont.	KGHL	790	Pocatello, Ida.	KSEI	930
Boise, Ida.	KIDO	1380	Salt Lake City, Utah	KDYL	1320
Bozeman, Mont.	KRBM	1450	Tucson, Ariz.	KVOA	1290
Butte, Mont.	KGIR	1370	Twin Falls, Ida.	KTFI	1270
Denver, Colo.	KOA	850	Yuma, Arizona	KYUM	1240
Helena, Mont.	KPFA	1240			

11:30 A.M. PACIFIC WAR TIME

Fresno, Cal.	KMJ	580	San Francisco, Cal.	KPO	680
Los Angeles, Cal.	KFI	640	San Diego, Cal.	KFSD	600
Medford, Ore.	KMED	1440	Seattle, Wash.	KOMO	950
Portland, Ore.	KGW	620	Spokane, Wash.	KHQ	590
Sacramento, Cal.	KFBK	1530			

STATIONS CARRYING ROUND TABLE BY TRANSCRIPTION

Cincinnati, Ohio	WSAI	1360	10:30 P.M. E.W.T.
Milwaukee, Wis.	WTMJ	620	4:00 P.M. C.W.T.

WOMEN, WORK AND THE WAR

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A UNIVERSITY OF CHICAGO ROUND TABLE BROADCAST

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MARCH 22, 1942

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COLONEL JOSEPH BATTLEY, Chief, Manpower and Liaison Division of the War Department

NEIL H. JACOBY, School of Business, University of Chicago; Secretary of the University

FRIEDA MILLER, Industrial Commissioner, State of New York

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SUGGESTED READINGS

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